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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
September 1968

Volume 13

Number 2

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - SEPTEMBER 1968

The Chattanooga Order MINIMUM uniform producer price is \$6.16 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 45 cents above September 1967 Order producer price.

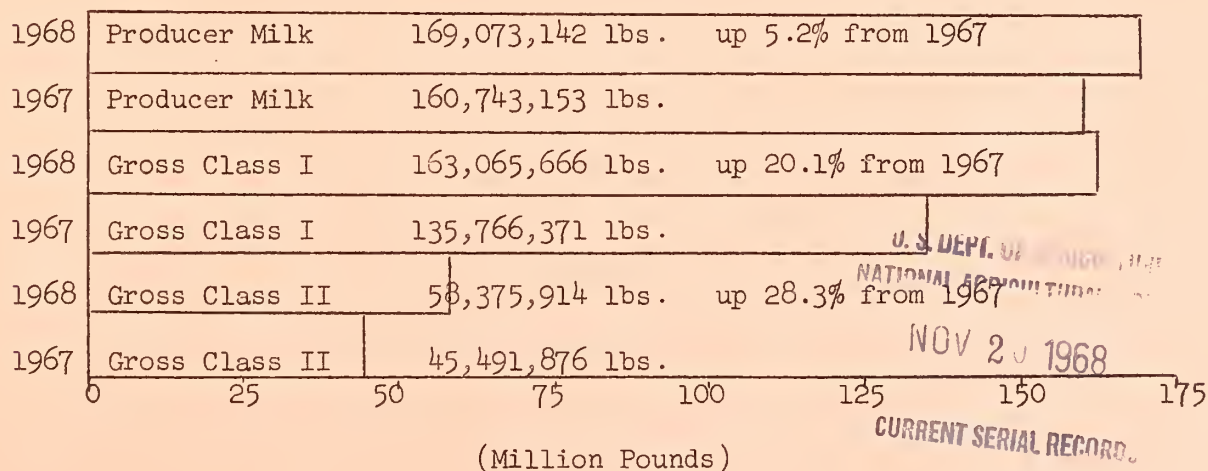
In September 1968, 78.4% of the producer milk received by pool plants was priced in Class I at \$6.70 per cwt. and 21.6% was priced in Class II at \$4.23 per cwt. The September butterfat differential for Class I was 8.0 cents and Class II was 7.9 cents.

Total producer milk received during September 1968 was 21,489,634 pounds which is an increase of 3,615,489 pounds or 20.2% compared with September 1967. The September daily average deliveries per farm from 620 producers was 1,155 pounds. This compares to 551 farms delivering a daily average of 1,081 pounds per day during September 1967.

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Order began forming new bases September 1, 1968. The BASE-FORMING PERIOD IS SEPTEMBER 1968 THROUGH JANUARY 1969. According to the base rules of the Chattanooga Order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (Sept. 1968 through Jan. 1969) by the number of DAYS FOR WHICH DELIVERY IS MADE, OR BY 120, WHICHEVER IS GREATER. Bases will be used during the 1969 base-operating period of March through July 1969. All producers, especially partners, should take precaution to see that their name is correctly listed with the Market Administrator.

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
January thru September



COMPARISON OF MILK RECEIPTS AND UTILIZATION

| | % Sept. '68 over Sept. '67 | Sept. 1968 17 | Aug. 1968 17 | Sept. 1967 8 |
|---|----------------------------------|---------------------|--------------------|--------------------|
| Number of Plants (Pool and Non-Pool) | | | | |
| <u>RECEIPTS POUNDS (DAILY AVERAGE)</u> | | | | |
| Producer Milk | + 20.2 | 716,321 | 601,460 | 595,805 |
| Other Source | + 215.7 | 67,775 | 37,194 | 21,471 |
| Other Federal Orders | + 222.3 | 230,772 | 216,421 | 71,605 |
| TOTAL MILK RECEIPTS | + 47.3 | 1,014,868 | 855,075 | 688,881 |
| <u>UTILIZATION POUNDS (DAILY AVERAGE)</u> | | | | |
| <u>Class I Uses</u> | | | | |
| Homo Milk | + 3.4 | 403,718 | 394,017 | 390,424 |
| Skim - Regular | + 13.0 | 20,231 | 21,151 | 17,900 |
| Skim - 2% Milk | + 29.2 | 45,527 | 47,435 | 35,245 |
| Buttermilk | + 8.6 | 45,886 | 49,794 | 42,245 |
| Flavored Milk and Drink | + 17.3 | 16,623 | 18,075 | 14,167 |
| Creams (Sweet and Sour) | + 1.8 | 2,851 | 3,200 | 2,800 |
| Sub-Total - Pkg. Products (Pool Plants) | + 6.4 | 534,836 | 533,672 | 502,781 |
| Other (Shrinkage, Inventory, etc.) | | 6,638 | 5,993 | 3,486 |
| Sales to Non-Pool Plants | | 200,317 | 130,913 | 31,849 |
| In-Area Sales by Non-Pool Plants | | 45,037 | 37,487 | 1,689 |
| TOTAL CLASS I MILK | + 45.8 | 786,828 | 708,065 | 539,805 |
| <u>Class II Uses - Pool Plants</u> | | | | |
| Ice Cream Mixes | - 4.3 | 43,398 | 55,684 | 45,343 |
| Cottage Cheese | + 9.6 | 34,373 | 39,198 | 31,375 |
| Powdered and Condensed Milk | | 35,713 | -0- | 11,273 |
| Livestock Feed and Skim Dumped | | 7,527 | 8,162 | 5,997 |
| Sub-Total - Used to Produce | + 28.8 | 121,011 | 103,044 | 93,988 |
| Shrinkage Class II | | 13,293 | 11,878 | 9,585 |
| Other (Inventory Variation, etc.) | | 29,619 | (21,342) | (6,558) |
| Bulk Sales to Non-Pool Plants | | 64,117 | 53,430 | 52,061 |
| TOTAL CLASS II MILK | + 53.0 | 228,040 | 147,010 | 149,076 |
| Class I Pkg. Lbs. in Area - Pool Plants | + 59.5 | 466,282 | 461,811 | 292,278 |
| Class I Pkg. Lbs. Out of Area - Pool Plants | - 67.4 | 68,554 | 71,861 | 210,503 |
| Class I Pkg. Lbs. In Area - Non-Pool Plants | | 45,037 | 37,487 | 1,689 |
| % Producer Milk of Gross Class I | | 91.0 | 84.9 | 110.4 |
| % Producer Milk Priced in Class I | | 78.4 | 83.9 | 81.0 |

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

| <u>Per § 1090.51(a) Amended</u> | <u>Oct. '68</u> | <u>Sept. '68</u> | <u>Oct. '67</u> |
|---------------------------------|-----------------|------------------|-----------------|
| Basic Formula 1/ | \$4.33 | \$4.33 | \$4.05 |
| Plus Class I Differential 2/ | 1.95 | 1.95 | 1.95 |
| Supply-Demand Adjustment | 0.40 | 0.42 | (0.02) |
| Class I Price, 3.5% Butterfat | \$6.68 | \$6.70 | \$5.98 |

OCTOBER 1968

| | |
|---|-------------|
| Supply-Demand Comparison: 2nd and 3rd preceding months: July and August | |
| Supply: Lbs. Producer Milk (July 17,688,502 and Aug. 18,645,254) | 36,333,756 |
| Demand: Lbs. Net Class I Milk (July 17,393,100 and Aug. 20,787,931) | 38,181,031 |
| Utilization Percentage: Producer milk divided by Class I | 95 |
| Standard Utilization Percentage: Range 115-119 | 115 |
| Net Deviation Percentage: Utilization minus Standard Utilization | Minus 20 |
| Supply-Demand Adjustment: 2 cents x 20 percentage points | Plus \$0.40 |

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969

COMPUTATION OF PRODUCER UNIFORM PRICE

| SEPTEMBER 1968 | Class % | Milk Pounds | Butterfat Test - % | Cwt.Price @ Test | Gross Value |
|--|---------|-------------|--------------------|------------------|----------------|
| Gross Class I | | 23,604,830 | 3.413 | | |
| Less Other Source | | 6,766,604 | 3.331 | | |
| Producer Milk Class I | 78.4 | 16,838,226 | 3.445333 | \$6.656266 | \$1,120,797.11 |
| Gross Class II | | 6,841,200 | 4.621 | | |
| Less Other Source | | 2,189,792 | 3.677 | | |
| Producer Milk Class II | 21.6 | 4,651,408 | 5.065262 | 5.466557 | 254,271.87 |
| TOTAL PRODUCER MILK (Cl.I + Cl.II) | 100.0 | 21,489,634 | 3.795965 | | \$1,375,068.98 |
| Add Fractional Adjustment | | | | | .09 |
| Add Value of Overage | | | | | 1,013.67 |
| Add $\frac{1}{2}$ Producer-Settlement Fund Reserve | | | | | 8,328.68 |
| TOTAL VALUE AT TEST | | 21,489,634 | 3.795965 | \$6.442229 | \$1,384,411.42 |
| Less Test over 3.5% @ 8.0 per point | | 21,489,634 | .295965 | .236772 | 50,881.44 |
| TOTAL UTILIZATION VALUE AT 3.5% | | 21,489,634 | 3.5 | \$6.205457 | \$1,333,529.98 |
| Less Producer-Settlement Fund Reserve | | 21,489,634 | | .045457 | 9,768.54 |
| PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS | | 21,489,634 | 3.5 | \$6.16 | \$1,323,761.44 |

 SEPTEMBER 1968 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

| TEST-% | PRICE | TEST-% | PRICE | TEST-% | PRICE | TEST-% | PRICE | TEST-% | PRICE |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3.0 | \$5.76 | 3.6 | \$6.24 | 4.2 | \$6.72 | 4.8 | \$7.20 | 5.4 | \$7.68 |
| 3.05 | 5.80 | 3.65 | 6.28 | 4.25 | 6.76 | 4.85 | 7.24 | 5.45 | 7.72 |
| 3.1 | 5.84 | 3.7 | 6.32 | 4.3 | 6.80 | 4.9 | 7.28 | 5.5 | 7.76 |
| 3.15 | 5.88 | 3.75 | 6.36 | 4.35 | 6.84 | 4.95 | 7.32 | 5.55 | 7.80 |
| 3.2 | 5.92 | 3.8 | 6.40 | 4.4 | 6.88 | 5.0 | 7.36 | 5.6 | 7.84 |
| 3.25 | 5.96 | 3.85 | 6.44 | 4.45 | 6.92 | 5.05 | 7.40 | 5.65 | 7.88 |
| 3.3 | 6.00 | 3.9 | 6.48 | 4.5 | 6.96 | 5.1 | 7.44 | 5.7 | 7.92 |
| 3.35 | 6.04 | 3.95 | 6.52 | 4.55 | 7.00 | 5.15 | 7.48 | 5.75 | 7.96 |
| 3.4 | 6.08 | 4.0 | 6.56 | 4.6 | 7.04 | 5.2 | 7.52 | 5.8 | 8.00 |
| 3.45 | 6.12 | 4.05 | 6.60 | 4.65 | 7.08 | 5.25 | 7.56 | 5.85 | 8.04 |
| 3.5 | 6.16 | 4.1 | 6.64 | 4.7 | 7.12 | 5.3 | 7.60 | 5.9 | 8.08 |
| 3.55 | 6.20 | 4.15 | 6.68 | 4.75 | 7.16 | 5.35 | 7.64 | 5.95 | 8.12 |

SEPTEMBER 1968 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

| Per \$1090.73 | B'Fat Use Percentage | Prod. Lbs. Butterfat | Class B'Fat Differential | Butterfat Value |
|---------------|----------------------|----------------------|--------------------------|-----------------|
| Class I | 71.1 | 580,133 | \$0.80 | \$464,106.40 |
| Class II | 28.9 | 235,606 | 0.79 | 186,128.74 |
| Total | 100.0 | 815,739 | | \$650,235.14 |

Total Butterfat Value ÷ Total Producer fat pounds = \$0.797112

Producer Butterfat Differential per point variation above or
 below 3.5 percent - - - - - \$0.080

The producer butterfat differential is used to adjust the producer uniform price announced at 3.5% to the various tests as shown in the above table.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

| Date | PRODUCER UNIFORM PRICES 1/ | | | | HANDLER CLASS PRICES 1/ | | | |
|-----------|----------------------------|--------|--------|---------|-------------------------|---------|----------|---------|
| | Per Hundredweight | | | | Class I | | Class II | |
| | Uniform | Base | Excess | Bf.Dif. | Cwt. | Bf.Dif. | Cwt. | Bf.Dif. |
| Sept. '67 | \$5.71 | - | - | 8.4¢ | \$6.16 | 8.7¢ | \$3.97 | 7.7¢ |
| Oct. | 5.63 | - | - | 8.4 | 5.98 | 8.7 | 3.98 | 7.7 |
| Nov. | 5.57 | - | - | 8.4 | 5.98 | 8.7 | 4.00 | 7.6 |
| Dec. | 5.65 | - | - | 8.4 | 6.14 | 8.6 | 4.04 | 7.8 |
| Jan. '68 | 5.73 | - | - | 8.4 | 6.20 | 8.8 | 4.01 | 7.6 |
| Feb. | 5.77 | - | - | 8.4 | 6.20 | 8.6 | 4.00 | 7.6 |
| Mar. | 5.68 2/ | \$5.81 | \$3.98 | 8.2 | 6.20 | 8.6 | 4.02 | 7.6 |
| Apr. | 5.67 2/ | 5.89 | 4.14 | 8.2 | 6.28 | 8.6 | 4.18 | 7.6 |
| May | 5.90 2/ | 6.14 | 4.15 | 8.2 | 6.56 | 8.6 | 4.19 | 7.6 |
| June | 5.79 2/ | 5.96 | 4.14 | 8.2 | 6.44 | 8.6 | 4.18 | 7.6 |
| July | 5.97 2/ | 6.15 | 4.14 | 8.2 | 6.52 | 8.6 | 4.18 | 7.6 |
| Aug. | 6.22 | - | - | 8.0 | 6.62 | 8.0 | 4.20 | 7.7 |
| Sept. | 6.16 | - | - | 8.0 | 6.70 | 8.0 | 4.23 | 7.9 |
| Oct. | - | - | - | - | 6.68 | 8.2 | - | - |

| Date | PRICE QUOTATIONS | | | | PRODUCER MILK USE (Daily Average) | | | |
|-----------|-------------------|------------------------|--------------------|---------------------|--------------------------------------|--------|----------|--------|
| | Chi.92° Butter | Minn/Wisc Mfg. Milk | Chi.Arca Powder | Basic Formula 4/ | Class I | | Class II | |
| | ¢ Lb. | \$-cwt-3.5% | ¢ Lb. | \$-cwt-3.5% | Pounds | Test-% | Pounds | Test-% |
| Sept. '67 | 67.13 | 3.97 | 19.37 | 4.05 | 482,438 | 3.47 | 113,367 | 5.97 |
| Oct. | 66.59 | 3.98 | 19.42 | 4.05 | 493,777 | 3.58 | 96,943 | 6.71 |
| Nov. | 66.48 | 4.00 | 19.50 | 4.05 | 470,450 | 3.57 | 109,481 | 6.66 |
| Dec. | 67.69 | 4.04 | 19.46 | 4.05 | 456,371 | 3.49 | 128,470 | 6.37 |
| Jan. '68 | 66.44 | 4.01 | 19.42 | 4.05 | 476,833 | 3.58 | 111,321 | 6.73 |
| Feb. | 66.44 | 4.00 | 19.46 | 4.05 | 486,051 | 3.55 | 102,520 | 6.64 |
| Mar. | 66.44 | 4.02 | 19.49 | 4.05 | 463,722 | 3.48 | 133,332 | 5.80 |
| Apr. | 66.44 | 4.18 | 21.96 | 4.33 | 474,081 | 3.44 | 179,918 | 4.95 |
| May | 66.44 | 4.19 | 22.62 | 4.33 | 467,606 | 3.45 | 171,375 | 4.85 |
| June | 66.44 | 4.18 | 22.54 | 4.33 | 432,917 | 3.40 | 167,462 | 4.93 |
| July | 66.43 | 4.18 | 22.77 | 4.33 | 439,957 | 3.40 | 130,640 | 5.06 |
| Aug. | 66.59 | 4.20 | 22.90 | 4.33 | 504,464 | 3.40 | 96,996 | 5.47 |
| Sept. | 68.54 | 4.23 | 22.91 | 4.33 | 561,274 | 3.45 | 155,047 | 5.07 |

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Date | HANDLER GROSS MILK 3/ | | | PRODUCER DATA | | | | Deliveries Per | | |
|-----------|-----------------------|-----------|---------|---------------|----------|----------|---------|-----------------|-------|------|
| | No. | Total | Class I | No. | Total | Base | Average | Farm-----Pounds | | |
| | Hdlrs. | Receipt | Use | Prod. | Delivery | Delivery | Test-% | Prod. | Base | Exc. |
| Sept. '67 | 9 | 688,881 | 539,805 | 551 | 595,805 | - | 3.95 | 1,081 | - | - |
| Oct. | 9 | 717,502 | 575,169 | 550 | 590,720 | - | 4.09 | 1,074 | - | - |
| Nov. | 9 | 718,857 | 554,957 | 549 | 579,931 | - | 4.16 | 1,056 | - | - |
| Dec. | 9 | 721,913 | 535,531 | 548 | 584,841 | - | 4.12 | 1,067 | - | - |
| Jan. '68 | 9 | 729,565 | 562,990 | 546 | 588,154 | - | 4.18 | 1,077 | - | - |
| Feb. | 10 | 745,749 | 579,909 | 541 | 588,571 | - | 4.08 | 1,088 | - | - |
| Mar. | 11 | 763,766 | 556,510 | 539 | 597,054 | 553,510 | 3.99 | 1,108 | 1,027 | 81 |
| Apr. | 11 | 804,063 | 531,929 | 536 | 653,999 | 574,609 | 3.85 | 1,220 | 1,072 | 148 |
| May | 11 | 805,968 | 533,685 | 535 | 638,981 | 563,280 | 3.82 | 1,194 | 1,053 | 141 |
| June | 11 | 798,670 | 533,671 | 537 | 600,379 | 546,005 | 3.82 | 1,118 | 1,017 | 101 |
| July | 10 | 758,105 | 563,764 | 535 | 570,597 | 519,550 | 3.78 | 1,067 | 971 | 96 |
| Aug. | 17 | 855,075 | 708,065 | 541 | 601,460 | - | 3.73 | 1,112 | - | - |
| Sept. | 17 | 1,014,868 | 786,828 | 620 | 716,321 | - | 3.80 | 1,155 | - | - |

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I

4/ Basic Formula "floor" per Order Amendments